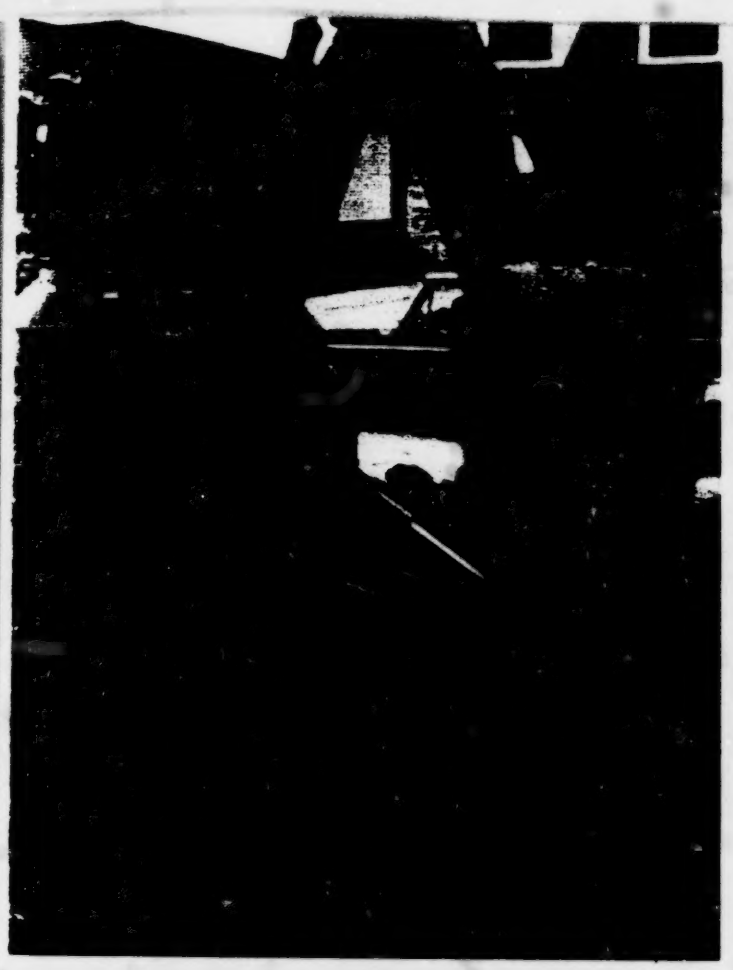
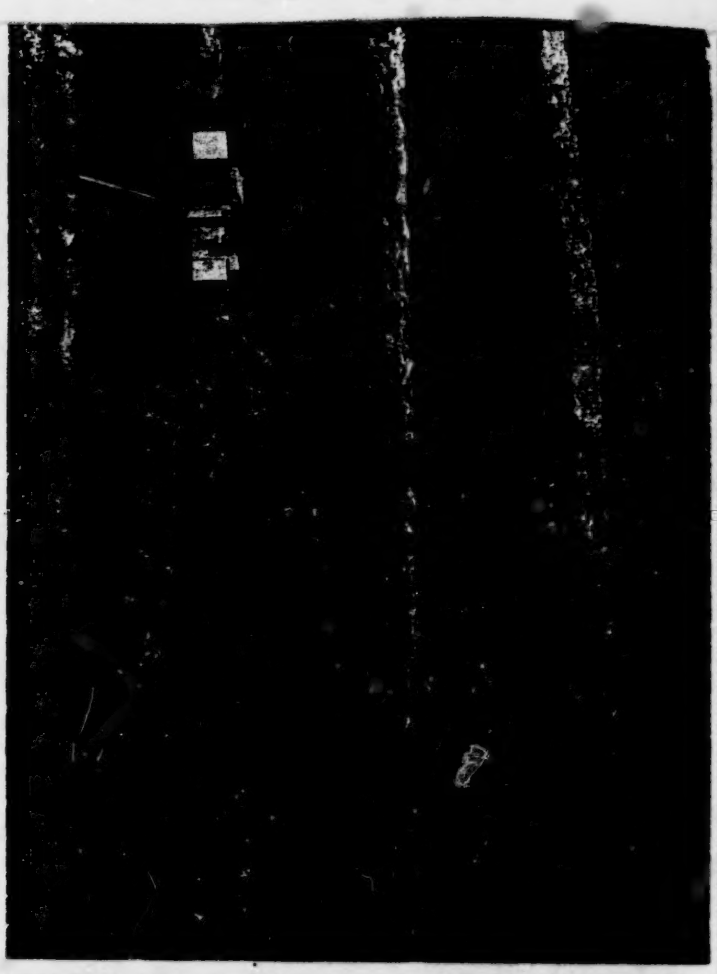
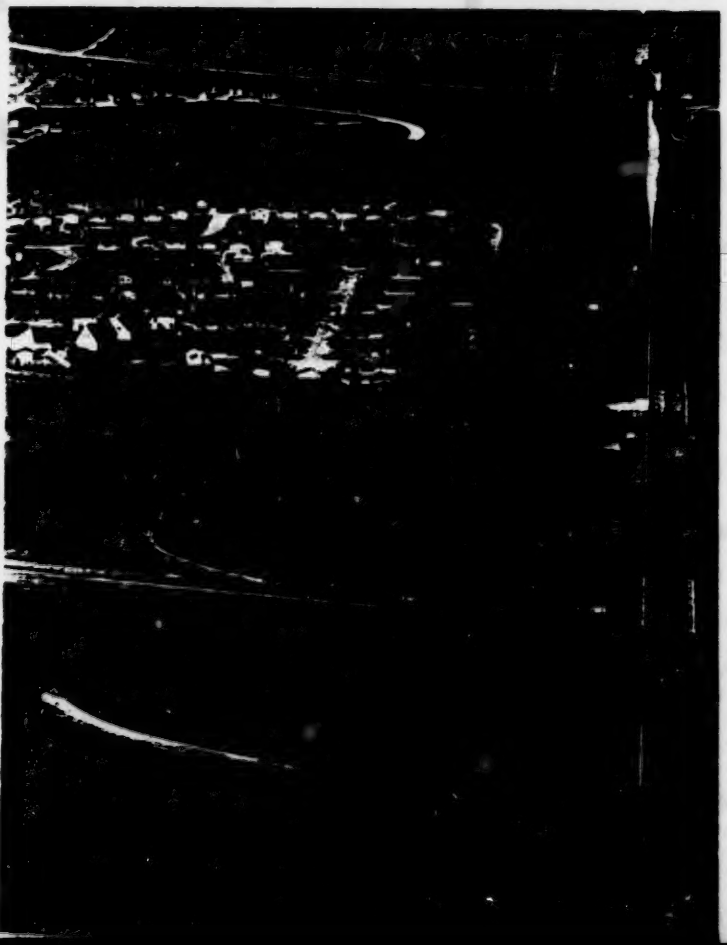
1988 Annual Report

The Manitoba Public Insurance Corporation

Service, Stability & Security







Winnipeg, January 24, 1984

To Her Honour
The Honourable Pearl McGonigal
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the honour to submit the Annual Report of The Manitoba Public Insurance Corporation for the year ended October 31, 1983.

Respectfully submitted,

John M. Bucklaschuk

Honourable John M. Bucklaschuk
Minister Responsible for
The Manitoba Public Insurance Corporation

Winnipeg, January 23, 1984

Honourable John M. Bucklaschuk
Minister Responsible for
The Manitoba Public Insurance Corporation

Sir:

In accordance with Section 37 (1) of The Manitoba Public Insurance Corporation Act, I have the honour to present the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1983.

Respectfully submitted,

Olafur P. Sigurdson,
Chairman of
The Manitoba Public Insurance Corporation

Twelfth Annual Report
The Manitoba Public Insurance Corporation
For The Fiscal Year Ending October 31, 1983

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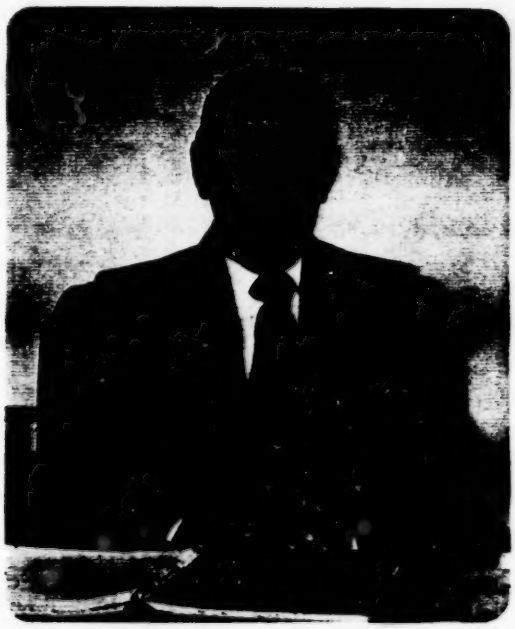
Chairman's Message



As The Manitoba Public Insurance Corporation completes its twelfth year of operation, it does so as a fundamentally strong and stable organization.

The Corporation was established in 1971 to provide comprehensive and reasonably-priced insurance protection to motorists and to retain premium revenue in the province for the benefit of all Manitobans.

Evidence of the Corporation's success in meeting those objectives can be seen in its record of achievement during the past twelve years. No-fault accident benefits under Autopac, the province's universal auto insurance program, have improved steadily, while premiums remain among the lowest in North America. The Corporation's long-term investments, which help to reduce the overall cost of insurance to policyholders, also serve as a valuable source of capital for dozens of Manitoba schools, municipalities, hospitals and nursing homes. In addition, M.P.I.C.'s 15 claims centres and offices, which employ 413 people, offer fast and convenient service to customers in all areas of the province.

As Chairman of the Board of Directors, I am pleased to report that this record of accomplishment and innovation continued in 1983. Autopac benefits were again expanded to offer greater protection to accident victims, long-term investments in Manitoba increased to $192.4 million, and the Corporation's assets rose from $232.3 million to $280.3 million.

Much of this progress can be attributed to the efforts of M.P.I.C.'s 884 employees and the 400 agents who represent the Corporation throughout the province. On behalf of the Board of Directors, I would like to express my appreciation for their dedication and commitment, and to congratulate them on their success.

During 1983, it was also my pleasure to welcome the appointment of Mr. C. A. Laufer as President and General Manager of the Corporation. Mr. Laufer, who joined M.P.I.C. in 1971, brings to his position the leadership and management abilities acquired from more than 30 years' experience in the insurance industry. I look forward to continuing my association with him and M.P.I.C. as we face the challenges of the future.

O. P. Sigurdson
Chairman of the Board

President's Message

In my first year as President and General Manager, I am pleased to present an annual report which reaffirms the financial health and security of the Manitoba Public Insurance Corporation.

Manitobans have come to expect a high degree of service and performance from their insurance corporation, and once again M.P.I.C.'s agents and staff have fulfilled those expectations. The spirit of co-operation and professionalism that exists throughout the organization is in no small way responsible for our accomplishments during the past year.

The results of the Automobile Insurance Division, which recorded a $9.7 million surplus in 1983, are especially gratifying. The Corporation has led the country in the introduction of comprehensive insurance protection for accident victims, and the success of this Division proves that Manitobans continue to enjoy the benefits of an efficient and effective public insurance system.

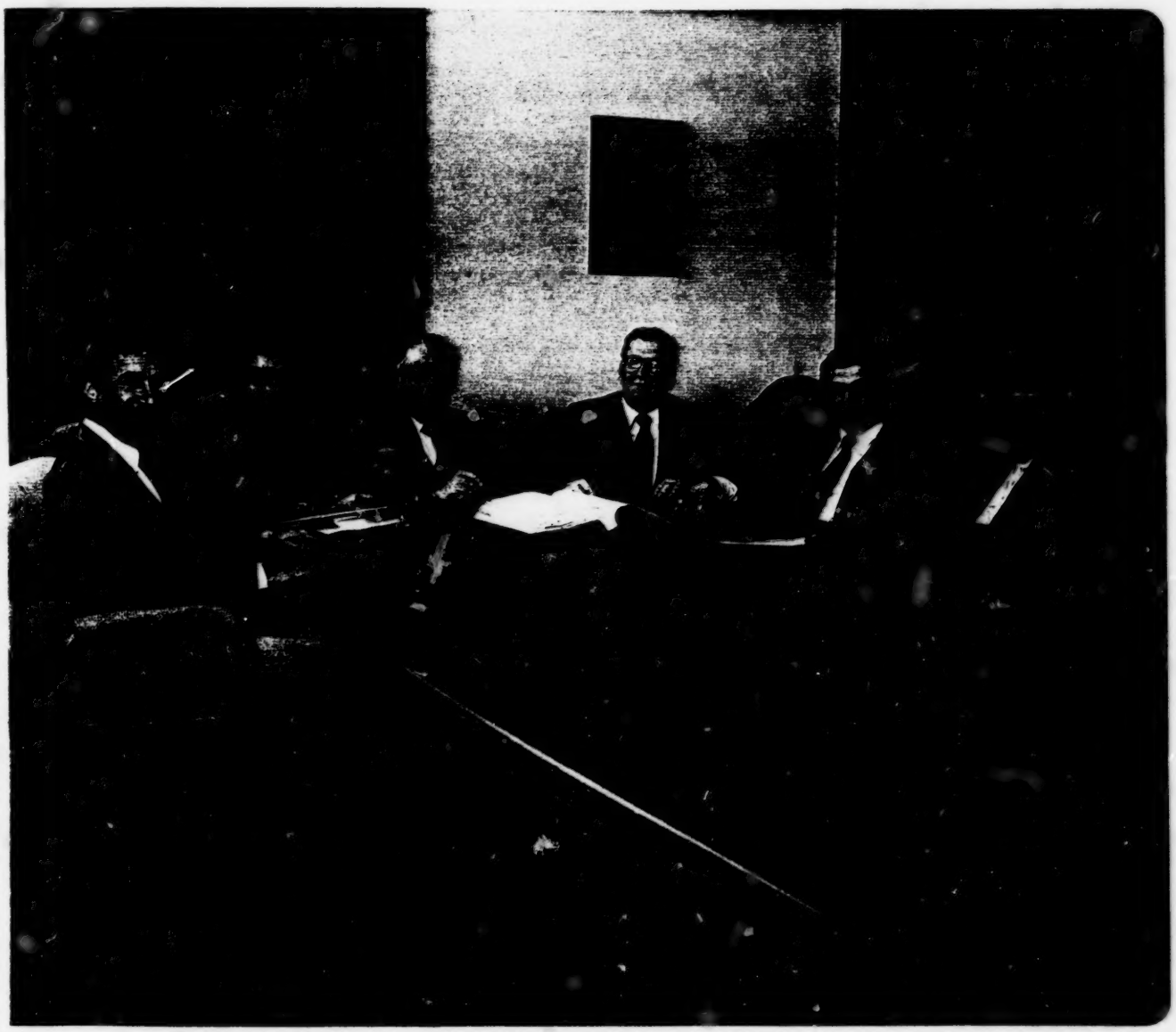
Although the General Insurance Division sustained a small loss of $6,000 in 1983, its performance improved dramatically over the previous fiscal year, when losses totalled $774,000. It is encouraging to note that the improvement comes when many other insurers are still experiencing serious financial problems as a result of rate-cutting and poor market conditions.

The Corporation has become a major force in the Manitoba economy. As well as offering insurance coverage to meet the needs of homeowners, tenants, farmers, motorists and business owners, M.P.I.C. provides jobs to 884 residents in all areas of the province. Its extensive investment portfolio supports local developments in dozens of cities, towns and villages, and its independent agents are respected members of the communities they serve.

The Corporation's record is one in which all Manitobans can take pride.

C. A. Laufer
President and General Manager

Board of Directors



Left to right: Gerard J. Lecuyer, Nancy J. Sullivan, Vice-Chairperson; Olafur P. Sigurdson, Chairperson; Raynald C. Labossiere, Daniel J. Werbiski, Frances Jakeman.

Corporate Officers

C.A. Laufer
President and General Manager

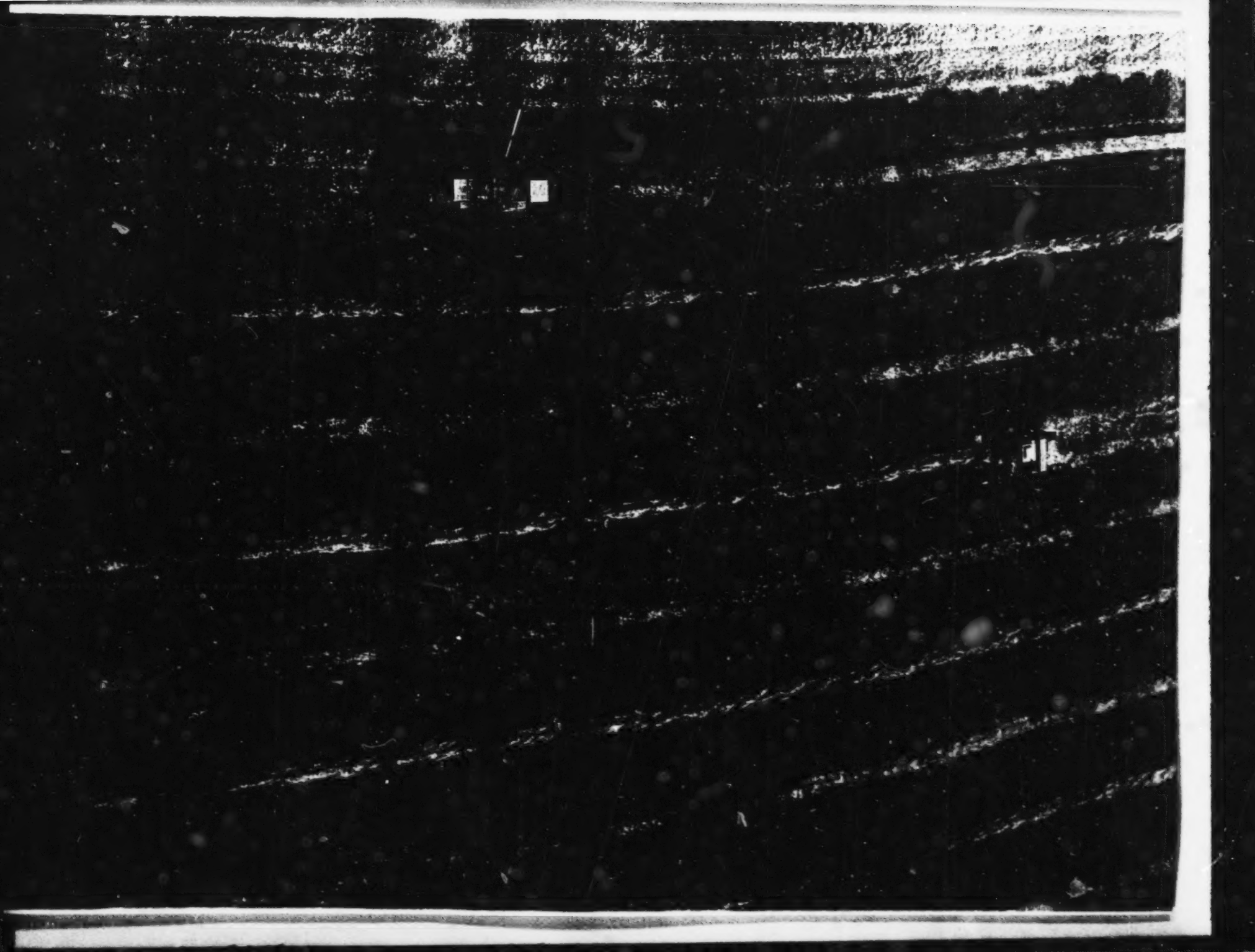
K.M. Jordon, Senior Vice-President
General Insurance Division

S.S. Kapoor, Q.C.
General Counsel

H.P. Dribnenky, Vice-President
Finance

D.R. Kidd, Vice-President
Corporate Services

T.M. Petrishen, Vice-President
Autopac



The Financial Year in Review

OCTOBER 31, 1983

Despite continuing financial uncertainty in the Canadian insurance industry, The Manitoba Public Insurance Corporation recorded a consolidated net profit of $9.7 million in the fiscal year ended October 31, 1983.

The Automobile Insurance Division, which offers a broad range of insurance services to Manitoba motorists, earned a net profit of $9.7 million, compared with a $15.1 million profit in the previous fiscal year. The performance of the General Insurance Division, while still reflecting the intense competitive pressures that exist in the general insurance market, improved significantly, with a net loss of $6,000 in 1983, compared with $774,000 in 1982.

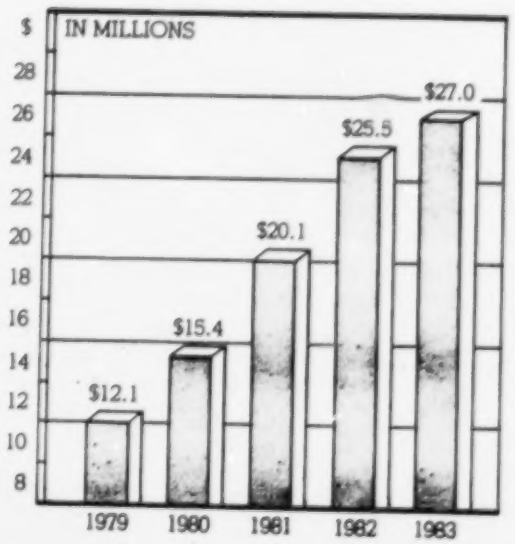
A small reduction in claims volume in the Automobile Insurance Division, increased investment income and a responsible rating strategy were major factors contributing to the Corporation's strong performance.

The Corporation's long-term investment portfolio, consisting mainly of Manitoba provincial, hospital, school and municipal bonds, demonstrates M.P.I.C.'s commitment to developing the provincial economy. As well, the income from these investments plays an important role in reducing the costs of insurance to policyholders. Long-term Manitoba-based investments continued to grow in 1983, reaching a total of $192.4 million, up from $137.8 million in the previous fiscal year. While an easing of monetary policy has brought about a general reduction in interest rates, total investment income increased to $27.0 million in 1983 from $25.5 million in 1982, due mainly to an increase in the size of the portfolio from $203 million to $248 million.

Growth of the investment portfolio also contributed to a significant increase in the value of the Corporation's assets, which rose to $280.3 million from $232.3 million in the previous year.

The Automobile Insurance Division, which accounts for about 89 percent of M.P.I.C.'s revenue, has a strong impact on the year-end results of the Corporation. Although no-fault accident benefits were improved in 1983, sound financial management, a marginal reduction in claims volume and a moderate rate increase combined to produce the Division's third consecutive profit. This profit enabled the Corporation

TOTAL INVESTMENT INCOME 1979 TO 1983



to increase its catastrophe, contingencies and rate stabilization reserves by a total of $9.7 million. The reserves were established to protect Manitoba motorists from sudden and unforeseen increases in future claims costs, and assist the Corporation in maintaining premiums at reasonable levels and increasing benefits to accident victims.

For some time, the Canadian insurance industry has been experiencing unfavourable financial results, with excess capacity leading to heavy price-cutting and a serious erosion of underwriting standards. Several insurers fell victim to this practice, leaving agents and clients to seek out alternative coverage when the companies were declared insolvent.

Unsettled market conditions affected the General Insurance Division's financial results in 1982, but the Corporation adhered to its policy of realistic rate-setting and sound underwriting. The benefits of this responsible approach became evident in the 1983 fiscal year, with the Division recording steady gains in most areas.

Automobile Insurance Division

When The Manitoba Public Insurance Corporation was formed in 1971, its primary objective was to administer a universal auto insurance program offering comprehensive coverage and reasonable rates to Manitoba motorists. The Automobile Insurance Division quickly acquired a reputation for responsible management and efficient services, and is now considered to be one of the most successful insurance operations in North America.

The 1982-1983 financial results further illustrate the Division's ability to meet Manitoba's auto insurance needs efficiently and effectively. Claims volume was considerably lower than anticipated in 1983, largely as a result of a relatively mild winter, and the actual number of claims handled dropped to 195,000 from 196,000 in the previous fiscal year. Combined with a 7.2 percent increase in investment income, to a total of $24.3 million, this produced a net surplus of $9.7 million.

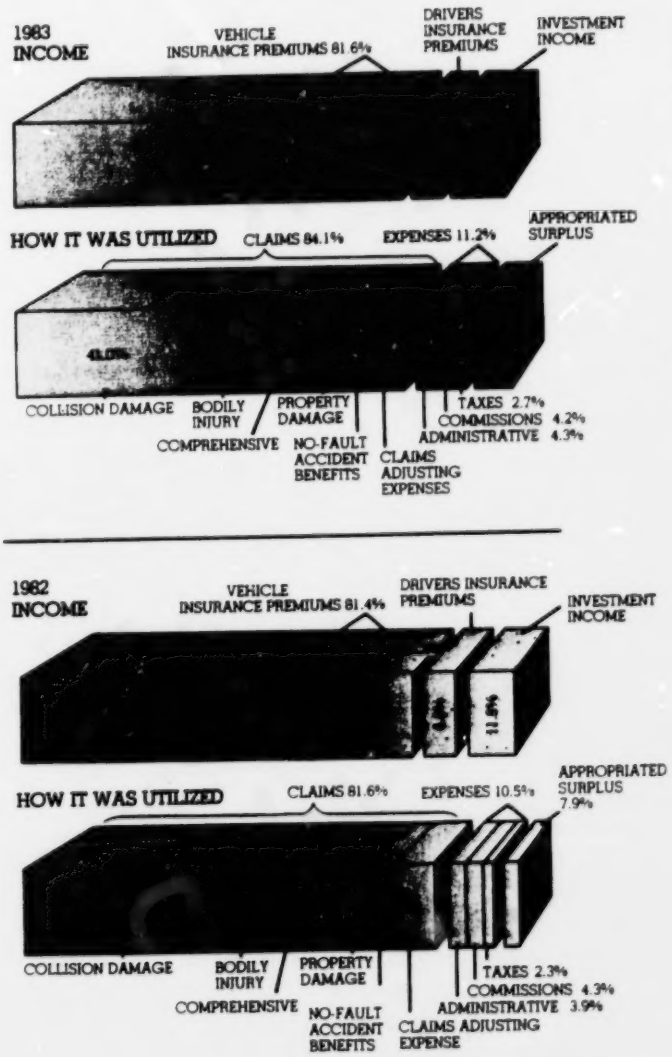
Total earned revenues rose to $206.4 million from $192.0 million in the previous year, while total claims and expenses, including administrative costs, commissions and premium taxes, increased to $196.7 million from $176.9 million in 1982.

Although Autopac premiums rose by an average of only 2.7 percent in 1983, major improvements in no-fault accident benefits were introduced. These included increases in minimum total disability payments ($120/week to $150/week), maximum total disability payments ($270/week to $300/week), and funeral expenses ($1,000 to $1,500). In addition, differences in partial disability payments for females ($35/week) and males ($50/week) were eliminated with an increase in both to $60/week.

Despite the slight reduction in volume, higher payments for no-fault accident benefits and liability awards resulted in a 10.6 percent increase in total claims payout. Increased parts prices and labour rates also had some bearing on overall claims costs, which climbed to $154.8 million from $139.9 million in 1982.

While many of these factors are beyond M.P.I.C.'s control, the Corporation continues to adopt and refine measures designed to moderate future increases in claims costs. The Salvage Division, for example, assists in controlling expenses through the sale of "total loss" vehicles, generating total revenues of $5.8 million for 1983. The use of recycled parts to repair damaged vehicles promotes further economies in automobile claims costs. As well, the Corporation's Special Investigations Unit employs seven full-time staff members who are specially trained to detect potentially fraudulent claims.

Distribution of the Dollar



General Insurance Division

The past several years have been difficult times for the Canadian insurance industry. In an effort to maintain their market share in the face of intense competition, many companies cut prices far below profitable levels.

In some cases, high interest rates produced sufficient investment income to cover massive underwriting losses. The overall effect, however, was to weaken industry underwriting standards and, ultimately, to threaten the financial viability of a number of smaller insurers.

Throughout this period, the Corporation's General Insurance Division acted responsibly by continuing to price its products at reasonable levels and refusing to compromise underwriting standards.

The Corporation's policy had a positive effect on the Division's financial results in 1982-1983, when losses were reduced to $6,000 from $774,000 the previous year. In 1983, M.P.I.C. again received strong support from its agency force, whose efforts have been instrumental in establishing the Corporation's position in the marketplace.

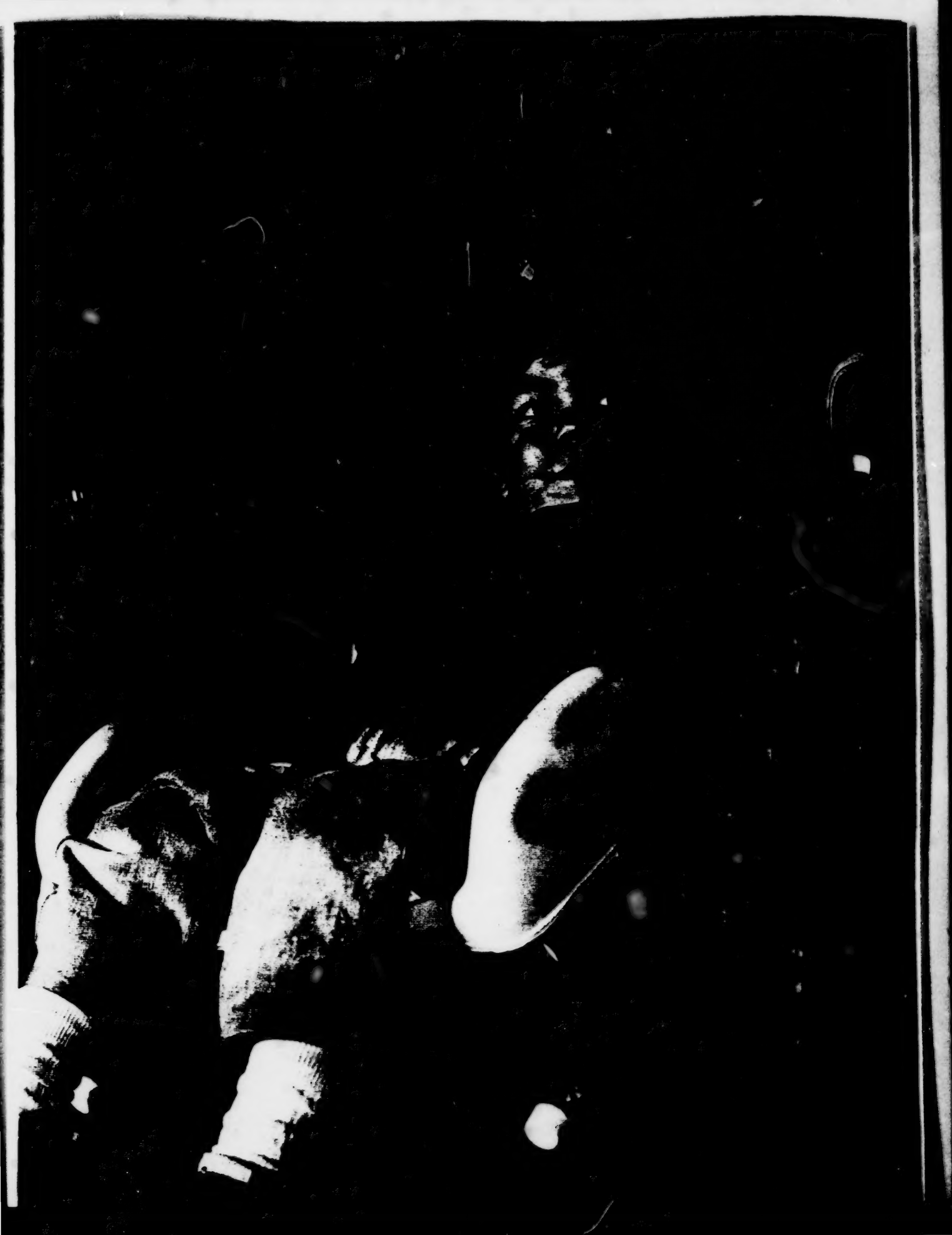
Premium earnings for the year rose by 22.8% to a total of $22.5 million, while claims expenses, including adjusting costs, increased to $15.7 million.

Since its establishment in 1975, the General Insurance Division has designed a variety of innovative coverages specially tailored to the Manitoba market. This progressive approach to product development continued to play a major role in the growth of the Division in 1983, with the addition of such new features as a claims-free discount for package policy holders.

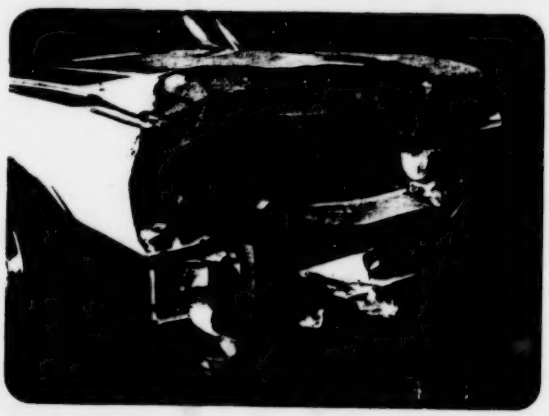
Steadily-rising claims costs are a major source of concern for most insurance companies, particularly in a highly-competitive market. As a result, renewed emphasis is being placed on loss prevention measures in an effort to reduce the client's exposure to risk. M.P.I.C.'s Loss Prevention Department regularly conducts on-site risk evaluations to protect the interests of both the Corporation and its customers. In addition to preventing major losses by identifying and correcting potential hazards, these inspections provide agents with the professional expertise needed to assess insurance requirements accurately and fairly.

Agents receive support from other areas of the Corporation as well. The Marketing Department's staff of five full-time marketing representatives offers sales advice and assistance, while a share-cost advertising program operated by the Public Relations and Advertising Department allows agents to promote their products and services at a reduced cost. Finally, annual seminars in Brandon and Winnipeg give both Autopac and General Insurance agents an opportunity to exchange ideas and opinions with M.P.I.C. staff.

These activities provide further evidence of the Corporation's achievements and its record of service to the people of Manitoba.



Service, Stability and Security



Service, stability and security are cornerstones of The Manitoba Public Insurance Corporation.

Providing superior service to the public has always been one of the Corporation's top priorities. A network of 15 claims facilities across the province, complemented by road adjusters who travel throughout the rural regions, ensures that claims are settled promptly and efficiently. In addition, 400 independent insurance agents offer high-quality insurance products developed exclusively for the Manitoba market.

The stability of the Corporation is demonstrated by its growth and financial success during the past twelve years. In its first year of operation, M.P.I.C.'s assets amounted to $10.0 million, and its investments in Manitoba totalled $5.6 million. Over the years, these two important measures of financial stability advanced steadily, and now stand at $280.3 million and $192.4 million respectively.

Security is another important aspect of any insurance company's operations. In a traditional sense, M.P.I.C.'s comprehensive insurance coverages protect policyholders from the financial insecurity caused by accident or catastrophe. As a public insurance company, however, the Corporation's concern extends far beyond the simple monetary costs.

For the past three years, The Manitoba Public Insurance Corporation has been actively involved in safety education and promotion. Recognizing that it has a responsibility to encourage Manitobans to drive safely, M.P.I.C. has provided financial assistance to numerous safety-related organizations, including the Manitoba Safety Council, the Manitoba Trucking Association, the Manitoba Association of School Trustees, the Children's Hospital of Winnipeg Research Foundation and the Mid-Canada Jaycettes. The Corporation's Safety Department, established in 1981, also operates a wide range of programs designed to increase public awareness of traffic safety.

The introduction of the ALIVE safety initiative in 1983 represents another important step toward reducing the number of needless deaths and injuries caused by motor vehicle accidents. This multi-media communications program, developed and sponsored by M.P.I.C., uses television, radio and newspaper advertisements, outdoor billboards, informational brochures and wall posters to convey important safety messages to Manitobans.

Research shows that most traffic accidents occur because of human error. Alcohol, excessive speed, a lack of basic driving skills and the failure to use life-saving safety devices account for dozens of traffic deaths and injuries each year.

The goal of the ALIVE program, which addresses all of these important issues, is to make Manitoba a safer province. With the co-operation of motorists, passengers and pedestrians, it is a goal that can be achieved.

The Manitoba Public Insurance Corporation Statement 1

Statement of Operations - Automobile Insurance Division

For the Year Ended October 31, 1983

(Thousands of $)

	1983	1982
REVENUE		
Premiums Written	$186,206	$175,073
Premiums Earned	$182,131	$169,376
Investment Income (Note 3)	24,277	22,654
Total Earned Revenues	$206,408	$192,030
CLAIMS COSTS		
Claims Incurred	$154,765	$139,939
Claims Adjusting Expense — Schedule 1	18,746	16,773
	$173,511	$156,712
EXPENSES — Schedule 1		
Administrative	$ 8,860	$ 7,450
Commissions	8,778	8,243
Premium Taxes	5,516	4,520
	$ 23,154	$ 20,213
Total Claims and Expenses	$196,665	$176,925
Net Profit for the Year — Statement 4	$ 9,743	$ 15,105

The Manitoba Public Insurance Corporation Statement 2

Statement of Operations - General Insurance Division

For The Year Ended October 31, 1983

(Thousands of $)

	1983	1982
REVENUE		
Premiums Written	$ 23,056	$ 19,875
Premiums Earned	$ 22,547	$ 18,357
Investment Income (Note 3)	2,733	2,849
Total Earned Revenues	$ 25,280	$ 21,206
CLAIMS COSTS		
Claims Incurred	$ 14,730	$ 13,223
Claims Adjusting Expense — Schedule 1	932	792
	$ 15,662	$ 14,015
EXPENSES — Schedule 1		
Administrative	$ 3,334	$ 2,992
Commissions	5,631	4,578
Premium Taxes	659	395
	$ 9,624	$ 7,965
Total Claims and Expenses	$ 25,286	$ 21,980
Net Loss for the Year — Statement 4	$ (6)	$ (774)

Balance Sheet As At October 31, 1983

Assets

(Thousands of $)

	1983	1982
Cash and investments maturing within one year (Note 4)	$ 47,934	$ 59,239
Accounts receivable (Note 5)	19,078	16,934
Prepaid expenses and inventories	761	501
Deferred premium acquisition costs (Note 3)	7,252	6,707
Investments — Schedule 2 (Note 3)	193,791	137,803
Property and equipment (Notes 3 and 6)	7,975	8,113
Organizational expenses (Notes 3 and 7)	3,539	3,003
	$280,330	$232,300

On Behalf of the Board

Chairperson

Vice-Chairperson

Liabilities and Retained Earnings

(Thousands of $)

	1983	1982
General accounts payable	$ 2,398	$ 1,798
Provision for accrued charges	10,687	8,653
	$ 13,085	$ 10,451
Automobile Insurance Division		
Accounts payable and accrued charges	$ 5,088	$ 4,686
Unearned premiums (Note 3)	67,319	63,243
Unpaid claims (Note 3)	121,870	93,432
Retained earnings — Statement 4	43,099	33,356
	$237,376	$194,717
General Insurance Division		
Accounts payable and accrued charges	$ 694	$ 603
Unearned premiums (Note 3)	7,113	6,604
Unpaid claims (Note 3)	17,750	15,607
Retained earnings — Statement 4	4,312	4,318
	$ 29,869	$ 27,132
	$280,330	$232,300

Statement of Retained Earnings

For The Year Ended October 31, 1983

(Thousands of $)

	1983	1982
AUTOMOBILE INSURANCE DIVISION		
Unappropriated retained earnings at the beginning of the year	$ —	$ —
Net profit for the year — Statement 1	9,743	15,105
Transfer to reserve for catastrophes	(6,500)	(12,000)
Transfer to reserve for contingencies	(1,450)	(750)
Transfer to reserve for rate stabilization	(1,793)	(2,355)
Unappropriated retained earnings at the end of the year	$ —	$ —
Appropriated retained earnings		
Reserve for catastrophes (Note 8)	$ 28,500	$ 22,000
Reserve for contingencies (Note 8)	5,000	3,550
Reserve for rate stabilization (Note 9)	9,599	7,806
	$ 43,099	$ 33,356
Total retained earnings — Statement 3	$ 43,099	$ 33,356
GENERAL INSURANCE DIVISION		
Unappropriated retained earnings at the beginning of the year	$ 318	$ 1,092
Net loss for the year — Statement 2	(6)	(774)
Unappropriated retained earnings at the end of the year	$ 312	$ 318
Appropriated retained earnings		
Reserve for catastrophes and contingencies (Note 8)	$ 4,000	$ 4,000
Total retained earnings — Statement 3	$ 4,312	$ 4,318

Statement of Changes in Financial Position

For The Year Ended October 31, 1983

(Thousands of $)

	1983	1982
RESOURCES PROVIDED		
Net profit for the year — Statements 1 and 2	$ 9,737	$ 14,331
Adjustments to convert net profit to a cash basis:		
Increase in unearned premiums	4,585	7,214
Increase in unpaid claims	30,581	19,351
Depreciation and amortization	802	731
Increase in accounts receivable, prepaid expenses and deferred premium acquisition costs	(2,949)	(3,710)
Increase in accounts payable and accrued charges	3,127	2,331
Proceeds from disposal of property and equipment	40	2
	$ 45,923	$ 40,250
RESOURCES APPLIED		
Acquisition of property and equipment	419	683
Organizational expenses	821	—
Net change in resources available for investment	$ 44,683	$ 39,567
CHANGE IN RESOURCES		
Increase (Decrease) in cash and short term investments	$(11,305)	$ 12,509
Increase in long term investments	55,988	27,058
	$ 44,683	$ 39,567

Schedule of Expenses Incurred

For The Year Ended October 31, 1983

(Thousands of $)

	1983	1982
Amortization of organizational expenses	$ 285	$ 285
Bad debts	82	95
Commissions	14,409	12,821
Data processing	1,961	1,676
Depreciation and amortization	517	446
Employee travel and sustenance allowance	452	405
Grants in lieu of taxes	464	454
Health and education tax	323	109
Premium taxes	6,175	4,915
Rent	1,308	1,293
Salaries and employee benefits	24,038	21,309
Other administrative expenses	2,882	2,281
Less net recovery from the motor vehicle branch (Note 10)	(440)	(346)
Total expenses incurred	$52,456	$45,743
Allocation:		
Automobile insurance division — Statement 1		
Claims adjusting expense	$18,746	$16,773
Administrative expense	8,860	7,450
Commissions	8,778	8,243
Premium taxes	5,516	4,520
	$41,900	$36,986
General insurance division — Statement 2		
Claims adjusting expense	$ 932	$ 792
Administrative expense	3,334	2,992
Commissions	5,631	4,578
Premium taxes	659	395
	$10,556	$ 8,757
Total	$52,456	$45,743

The Manitoba Public Insurance Corporation Schedule 2

Schedule of Investments AS AT OCTOBER 31, 1983

Description of Securities	Par Value	Book Value
Provincial:		
Province of Manitoba	$ 75,012,000	$ 74,729,000
Manitoba Hydro-Electric Board	24,502,000	22,652,000
Manitoba Telephone System	22,449,000	21,769,000
Ontario Hydro-Electric Commission	1,500,000	1,373,000
	$123,463,000	$120,523,000
Hospitals:		
Baldur Hospital District	$ 185,000	$ 185,000
Brandon General Hospital	2,093,000	2,074,000
Boissevain Hospital District	794,000	794,000
Carman Memorial Hospital District No. 20	245,000	245,000
Dauphin General Hospital	75,000	75,000
Deloraine Hospital District No. 14	595,000	595,000
The De Salaberry Hospital District No. 27A	193,000	193,000
Flin Flon General Hospital	660,000	660,000
Gimli Hospital District #39	462,000	462,000
Gladstone Hospital District #17	7,000	7,000
Grace General Hospital	905,000	728,000
Grandview Hospital District No. 3B	7,000	7,000
Hamiota Hospital District #7A	98,000	98,000
Health Sciences Centre	1,682,000	1,594,000
Hunter Memorial Hospital District #33	1,202,000	1,202,000
Lakeshore General Hospital District #34A	51,000	51,000
Lynn Lake Hospital District #38	138,000	138,000
Manitoba Hospital Capital Financing Authority	3,497,000	3,497,000
Minnedosa Hospital District#8	70,000	70,000
Misericordia General Hospital	562,000	562,000
Morden Hospital District #21	638,000	638,000
Neepawa Hospital District #9	342,000	342,000
Portage Hospital District #18	540,000	540,000
Roblin Health Centre District	832,000	832,000
Russell Hospital District #8	440,000	440,000
St. Anthony's General Hospital — The Pas	660,000	660,000
St. Boniface General Hospital	40,000	33,000
Seven Oaks General Hospital	2,630,000	2,030,000
Steinbach Hospital District #27	104,000	85,000
Swan River Hospital District #1	447,000	447,000
Thompson General Hospital	1,474,000	1,444,000
Tri-Lake Hospital District #15	49,000	49,000
Victoria General Hospital	1,450,000	1,433,000
Victoria-South Norfolk Treherne Hospital District	229,000	229,000
Winkler General Hospital	580,000	565,000
Winnipeg General Hospital	283,000	245,000

Schedule of Investments AS AT OCTOBER 31, 1983, CONTINUED

Description of Securities	Par Value	Book Value
Hospitals:		
Winnipegosis General Hospital Inc.	$ 180,000	$ 180,000
Baldur Manor	329,000	329,000
Betel Home Foundation — Gimli	154,000	154,000
Betel Home Foundation — Selkirk	439,000	439,000
Bethania Mennonite Personal Care Home Inc.	85,000	85,000
Birtle Health Services District	503,000	503,000
Birtle Personal Care Home Inc.	42,000	42,000
B.M.W. Health Facilities Inc.	66,000	66,000
Dauphin Personal Care Home Inc.	391,000	391,000
Fairview Home Inc.	79,000	79,000
Flin Flon Personal Care Home Corp.	1,030,000	1,030,000
Foyer Notre Dame Inc.	26,000	26,000
Goodwin Lodge Inc.	115,000	115,000
Holy Family Nursing Home — Sister Servants of Mary Immaculate	847,000	847,000
Lakeview Senior Citizens Home	32,000	32,000
Lorne Memorial Medical Nursing Unit No. 19C	198,000	198,000
Manitoba Baptist Home Society Inc.	79,000	79,000
Manoir De Ste. Claude	176,000	176,000
McCreary/Alonsa Health Centre	23,000	23,000
McCreary/Alonsa Personal Care Home Inc.	127,000	127,000
Middlechurch Home of Winnipeg	52,000	52,000
Portage la Prairie Lions Care Hostel Inc.	213,000	213,000
Red River Valley Lodge Inc. Emerson	60,000	60,000
Riverdale Health Services District	197,000	197,000
Riverdale Personal Care Home	176,000	176,000
Rock Lake Health District	1,015,000	1,015,000
Rock Lake Personal Care Home Inc.	250,000	250,000
Rosewood Lodge Inc.	74,000	74,000
St. Joseph's Residence	833,000	833,000
Sister Servants of Mary Immaculate — St. Paul's Home	78,000	78,000
Snow Lake Medical Nursing Unit District #40	733,000	733,000
Stonewall & District Health Centre	263,000	263,000
Swan River Valley Lodge	60,000	60,000
Tache Nursing Centre	954,000	954,000
The Pas Health Complex Inc.	1,024,000	1,024,000
Tiger Hills Manor Inc.	23,000	23,000
Wawanesa & District Health Centre	52,000	52,000
Wawanesa Personal Care Home	275,000	275,000
Winnipeg Presbytery Society for Senior Citizens Homes in Winnipeg	100,000	100,000
Winnipegosis-Mossy River Personal Care Home Inc.	386,000	386,000
	$ 35,998,000	$ 34,988,000

The Manitoba Public Insurance Corporation Schedule 2

Schedule of Investments AS AT OCTOBER 31, 1983, CONTINUED

Description of Securities	Par Value	Book Value
Schools:		
Beautiful Plains School Division #31	$ 59,000	$ 59,000
Dauphin — Ochre School Area #1	133,000	133,000
Flin Flon School Division #46	632,000	632,000
Garden Valley School Division No. 26	1,269,000	1,269,000
Hanover School Division #15	198,000	198,000
Interlake School Division #21	395,000	395,000
Leaf Rapids School Division #2460	247,000	247,000
Morris-MacDonald School Division No. 19	296,000	296,000
Mystery Lake School Division No. 2355	717,000	717,000
Pembina Valley School Division	6,000	5,000
Portage la Prairie School Division #24	148,000	145,000
Rhineland School Division #18	220,000	219,000
River East School Division #9	64,000	64,000
Rossendale Cons. School Division #2419	5,000	5,000
St. Boniface School Division #4	16,000	14,000
St. James-Assiniboia School Division #2	54,000	54,000
St. Vital School Division #6	1,422,000	1,422,000
Seine River School Division #14	529,000	529,000
Seven Oaks School Division #10	133,000	133,000
Transcona School Division #39	10,000	9,000
Western School Division #47	123,000	123,000
	$ 6,676,000	$ 6,668,000
Municipal:		
City of Brandon	$ 2,008,000	$ 1,858,000
City of Flin Flon	1,872,000	1,872,000
City of Portage la Prairie	4,275,000	4,233,000
City of St. Boniface	19,000	16,000
City of St. Vital	96,000	85,000
City of Transcona	343,000	308,000
City of Winnipeg	5,935,000	5,567,000
Metro Corp. of Greater Winnipeg	497,000	381,000
Town of Altona	584,000	584,000
Town of Birtle	79,000	77,000
Town of Boissevain	79,000	76,000
Town of Brandon	96,000	90,000
Town of Carman	529,000	529,000
Town of Dauphin	270,000	270,000
Town of Deloraine	416,000	416,000
Town of Emerson	293,000	293,000
Town of Gimli	33,000	33,000
Town of Gladstone	286,000	286,000
Town of Grandview	201,000	201,000

Schedule of Investments AS AT OCTOBER 31, 1983, CONTINUED

Description of Securities	Par Value	Book Value
Municipal:		
Town of Hartney	$ 16,000	$ 14,000
Town of Killarney	330,000	330,000
Town of Melita	345,000	345,000
Town of Minnedosa	261,000	246,000
Town of Morden	425,000	423,000
Town of Morris	270,000	270,000
Town of Neepawa	537,000	537,000
Town of Rapid City	111,000	111,000
Town of Rivers	64,000	56,000
Town of Roblin	243,000	239,000
Town of Russell	218,000	218,000
Town of Selkirk	632,000	626,000
Town of Snow Lake	101,000	101,000
Town of Steinbach	2,293,000	2,255,000
Town of Stonewall	279,000	279,000
Town of Swan River	429,000	429,000
Town of The Pas	27,000	26,000
Town of Tuxedo	155,000	141,000
Town of Virden	103,000	103,000
Town of Winkler	388,000	384,000
Town of Winnipeg Beach	69,000	69,000
Village of Arborg	87,000	87,000
Village of Benito	42,000	42,000
Village of Binscarth	78,000	78,000
Village of Gilbert Plains	25,000	22,000
Village of Glenboro	15,000	14,000
Village of Gretna	24,000	24,000
Village of Hamiota	27,000	27,000
Village of Lac Du Bonnet	202,000	202,000
Village of MacGregor	109,000	109,000
Village of Manitou	135,000	135,000
Village of Pilot Mound	123,000	123,000
Village of Plum Coulee	20,000	20,000
Village of Riverton	9,000	9,000
Village of Rossburn	52,000	52,000
Village of Shoal Lake	97,000	97,000
Village of Somerset	48,000	48,000
Village of Ste. Anne	26,000	26,000
Village of St. Pierre-Jolys	293,000	293,000
Village of Winnipegosis	97,000	97,000
Rural Municipality of Albert	13,000	13,000
Rural Municipality of Assiniboine	2,000	2,000

Schedule of Investments AS AT OCTOBER 31, 1983, CONTINUED

Description of Securities	Par Value	Book Value
Municipal:		
Rural Municipality of Assiniboia	$ 21,000	$ 20,000
Rural Municipality of Cartier	12,000	12,000
Rural Municipality of Charleswood	120,000	109,000
Rural Municipality of Edward	163,000	163,000
Rural Municipality of Hanover	241,000	241,000
Rural Municipality of La Broquerie	25,000	25,000
Rural Municipality of MacDonald	293,000	293,000
Rural Municipality of Montcalm	108,000	108,000
Rural Municipality of Morris	488,000	488,000
Rural Municipality of Morton	20,000	20,000
Rural Municipality of North Norfolk	150,000	150,000
Rural Municipality of Ritchot	449,000	449,000
Rural Municipality of Rockwood	104,000	104,000
Rural Municipality of Roland	123,000	123,000
Rural Municipality of Ste. Rose	20,000	20,000
Rural Municipality of Siglunes	153,000	153,000
Rural Municipality of Springfield	31,000	31,000
Rural Municipality of Strathcona	22,000	22,000
Rural Municipality of Tache	28,000	28,000
Rural Municipality of Thompson	44,000	44,000
Rural Municipality of Whitewater	29,000	29,000
Local Government District of Consol	404,000	404,000
Local Government District of Leaf Rapids	2,679,000	2,679,000
	$ 32,458,000	$ 31,612,000
	$198,595,000	$193,791,000

Notes to the Financial Statements,
OCTOBER 31, 1983

1. *Status of the Corporation.*
The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180, of the continuing consolidation of the statutes of Manitoba).
Under the provisions of its Act, the Corporation conducts a comprehensive automobile program and general insurance business. For financial accounting purposes the automobile and general insurance divisions are regarded as separate operations.

2. *Basis of Reporting.*
The financial statements of the Corporation are in such form as prescribed by Section 37(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles and conform in all material aspects to that suggested in the 1974 research study "Financial Reporting for Property and Casualty Insurers" of the Canadian Institute of Chartered Accountants.

3. *Summary of Significant Accounting Policies.*
This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs.
Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments.
Bonds and debentures are carried at cost plus accumulated amortization of discounts and premiums. The applicable discounts and premiums are amortized over the life of the investment.

Notes to the Financial Statements,
CONTINUED

Depreciation and Amortization.
Depreciation and amortization is provided on a straight-line basis at rates which will amortize the original cost over the estimated useful life of each asset. The annual rates are:

Buildings	2.5%
Organizational expenses	5.0%
Equipment	10.0%
Data processing equipment	20.0%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Pension Plan.
The employees of the Corporation are subject to the Civil Service Superannuation Act and it is the policy of the Corporation to provide for the employer's future pension liability which is fully funded on an indexed basis.

Unearned Premiums.
The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Unpaid Claims.
Unpaid claims include a provision for reported unpaid claims and an estimate for unreported claims. The estimate for unreported claims is $42.0 million (1982 - $25.0 million) for the automobile insurance division and $5.0 million (1982 - $5.0 million) for the general insurance division.

Investment Income.
The investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses.
The Corporation allocates expenses incurred to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.
ii) Where direct allocation is impractical, expenses are allocated to each division based on a proration approved by the Corporation's Board of Directors.

Reinsurance.
The agreement under which the Corporation reinsured part of its automobile insurance division risk with its general insurance division was cancelled February 29, 1980. This agreement required a deposit premium each year with adjustments based on loss experience. The interdivisional transactions included in the accounts are as follows:

	1983	1982
	(Thousands of $)	
Premiums ceded to the general insurance division	$ 445	$ 151
Reported claims incurred	348	138
Provision for unreported claims	350	350

The Corporation also ceded premiums to other insurers for the automobile and general insurance divisions, and the general insurance division assumed insurance business from other insurers.

4. a) *Cash and Investment Maturing Within One Year.*

	1983	1982
	(Thousands of $)	
Cash and Investments certificates	$42,881	$54,977
Bonds and debentures	5,053	4,262
	$47,934	$59,239

Notes to the Financial Statements,
CONTINUED

b) As at October 31, 1983 the Corporation has committed $17.0 million (1982 - $27.0 million) for the purchase of various Manitoba long term securities.

5. *Accounts Receivable.*

	1983		1982	
	Subrogation	Other	Subrogation	Other
	(Thousands of $)			
Accounts receivable	$ 5,854	$16,544	$ 4,849	$15,066
Less allowance for doubtful accounts	3,050	270	2,747	234
	$ 2,804	$16,274	$ 2,102	$14,832

6. *Property and Equipment.*
The cost of major classes of property and equipment and the related accumulated depreciation and amortization are:

	Cost	Accumulated Depreciation and Amortization	Net Book Value 1983	Net Book Value 1982
	(Thousands of $)			
Land	$ 1,328	$ —	$ 1,328	$ 1,318
Buildings	5,804	1,100	4,704	4,773
Equipment	2,366	1,315	1,051	1,014
	$ 9,498	$ 2,415	$ 7,083	$ 7,105
Leasehold improvements	1,269	377	892	1,008
	$10,767	$ 2,792	$ 7,975	$ 8,113

7. *Organizational Expenses.*

	Cost	Accumulated Amortization	Net Book Value 1983	Net Book Value 1982
	(Thousands of $)			
Automobile insurance division	$ 4,984	$ 2,589	$ 2,395	$ 2,355
General insurance division	1,543	399	1,144	648
	$ 6,527	$ 2,988	$ 3,539	$ 3,003

During the 1983 fiscal year the Corporation initiated a major project for the re-development of the general insurance system including the processing requirements for Special Risk Extension premiums and related statistics which is currently administered by the automobile insurance division. The cost of this project will be capitalized and amortized at the straight-line rate of 5% per annum when the new system is operational. For the 1983 fiscal year the Corporation has allocated $274,000 as organizational expense for the automobile insurance division and $547,000 as organizational expense for the general insurance division.

8. *Reserves for Catastrophes and Contingencies.*
These reserves will assist in protecting the Corporation against future catastrophic losses and unforeseen events that may arise.

9. *Reserve for Rate Stabilization.*
This reserve may be utilized to offset increases in insurance rates or for providing increased benefits under the automobile plan.

10. *Share Cost Agreements.*
The administrative costs associated with the driver and motor vehicle systems are shared by the Corporation and the Motor Vehicle Branch based on a share cost agreement. For the 1983 fiscal year, the share cost agreement resulted in a net recovery by the Corporation from the Motor Vehicle Branch of $440,000 (1982 - $346,000).

The basic commissions and flat fees paid to agents are also shared by the Corporation and the Motor Vehicle Branch. For the 1983 fiscal year, the share cost agreement resulted in a recovery by the Corporation from the Motor Vehicle Branch of $1,853,000 (1982 - $1,693,000).

Auditors' Report

The Board of Directors,
The Manitoba Public Insurance Corporation.

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1983, and the statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1983, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Gillingwater & Co.

Chartered Accountants
Winnipeg, Canada
December 22, 1983

The Manitoba Public Insurance Corporation

Five Year Comparison of Financial Statistics

Automobile Insurance Division

(THOUSANDS OF $)

	1983	1982	1981	1980	1979
Premiums Written	**186,206**	175,073	157,807	130,390	117,442
Premiums Earned	**182,131**	169,376	148,237	126,562	113,119
Investment Income	**24,277**	22,654	17,747	13,588	11,005
Claims Costs	**173,511**	156,712	144,309	127,448	109,678
Premium Taxes	**5,516**	4,520	3,051	2,600	2,334

General Insurance Division

(THOUSANDS OF $)

	1983	1982	1981	1980	1979
Premiums Written	**23,056**	19,875	13,354	10,597	11,273
Premiums Earned	**22,547**	18,357	12,235	10,299	11,215
Investment Income	**2,733**	2,849	2,388	1,763	1,080
Claims Costs	**15,662**	14,015	9,015	7,064	7,838
Premium Taxes	**659**	395	262	211	233

Administrative Offices and Claim Centres

Head Office
Brandon — 731 - 1st Street, R7A 6C3, 728-7120

Administrative Offices
Winnipeg — Box 6300,
9th Floor, 330 Graham Avenue,
R3C 4A4, 942-0331

Drive-In Claims Centres
Winnipeg —
445 King Street, R2W 5H2, 949-0872
125 King Edward Street E., R3H 0V9, 783-2114
930 St. Mary's Road, R2M 4A8, 257-8772
420 Pembina Highway, R3L 2E9, 475-1150
Brandon — 731 - 1st Street, R7A 6C3, 728-7120
Dauphin — Box 3000, 217 Industrial Road,
R7N 2V5, 638-5111
Portage la Prairie — 2007 Saskatchewan Ave. W.,
R1N 3J9, 857-9751
Selkirk — 630 Sophia Street, R1A 2K1, 482-3839

Claims Offices
Flin Flon — Box 250, 8 Timber Lane Road,
R8A 1M9, 687-7563
Steinbach — Box 2139, 110 Townline Road,
R0A 2A0, 326-6485
Swan River — Box 1959, Highway #10 East,
R0I 1Z0, 734-4574
The Pas — Box 9100, Otineka Shopping Mall,
R9A 1R5, 623-6489
Thompson — Box 760, 80 Nelson Road,
R8N 1N5, 728-7351
Winkler — Box 1990, 600 Memorial Drive,
R0G 2X0, 325-9538

Commercial Automobile Claims
Winnipeg — 1981 Plessis Road, Box 32, Group 512,
R2C 2Z2, 224-1291

Bodily Injury Claims Centre
Winnipeg — 8th Floor, 330 Graham Avenue,
R3C 4A4, 942-0331

General Insurance Claims
Winnipeg — 8th Floor, 330 Graham Avenue,
R3C 4A4, 942-0331

Salvage
Brandon — 731 - 1st Street, R7A 6C3, 728-7120
Dauphin —Box 3000, 217 Industrial Road,
R7N 2V5, 638-5111
Winnipeg — 1981 Plessis Road, Box 32, Group 512,
R2C 2Z2, 224-1291